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Investment Idea

27 February 2026

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CBH Engineering Holdings Bhd Brighter Year Ahead

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CBH Engineering Holdings Bhd (CBHB: 0339) has delivered strong post-listing performance, with its share price surging 104% since its IPO on 16 January 2025 at RM0.28. CBHB has met our FY25 expectations and continues to demonstrate solid operational execution amid a supportive M&E engineering cycle. With an unbilled order book of RM591.9m as at December 2025, we raise our FY26 core net profit forecast by 32% to RM74.4m and introduce FY27F net profit at RM80.2m. Following the earnings revision, we maintain our BUY call with a higher TP of RM0.75 (previously RM0.44), based on a slightly higher FY26F PER of 19x (previously 18x), reflecting strong earnings visibility and balance sheet strength.

CBHB's 4QFY25 net profit surged 84% YoY to RM19.7m, bringing FY25 net profit of RM48.1m, broadly in line with our estimates. This is mainly attributed to variation orders from certain M&E systems projects and higher margin from M&E system projects that were nearing completion towards the end of FY25. Net margin expanded to 22% in 4QFY25, largely attributable to favourable cost revisions on near-completion projects, where actual costs incurred were lower than initially budgeted. Management guided that normalised net margins should range between 12% to 15%, depending on project complexity.

As of December 2025, the unbilled order book stood at RM591.9m, providing earnings visibility for the next two years. Notably, more than 90% of current exposure is tied to data centre-related projects, while non-DC segments continue to provide diversification. For FY26, we anticipate the target orderbook replenishment to be around RM600m, sustaining earnings momentum into FY27.

Malaysia's accelerating data centre (DC) expansion, supported by major hyperscaler investments across Klang Valley and Johor, continues to drive demand for M&E works like grid connection, substation and power distribution works. With the domestic M&E market projected to expand to RM10.6bn by 2026 (from RM7.3bn in 2023), we believe CBHB remains well-positioned to capitalise on DC-related capex and support resilient performance into FY26.

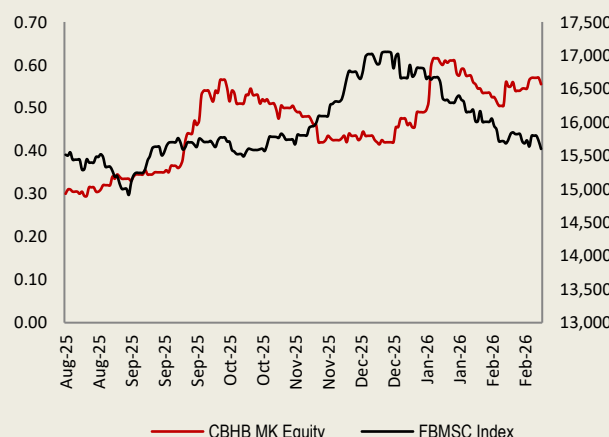
We remain positive on CBH's growth prospects, underpinned by (i) its strong unbilled order book providing earnings visibility, (ii) healthy tender pipeline circa. RM830m with strong exposure to DC-related projects, and (iii) strong balance sheet with net cash position, which enhances financial flexibility to support capacity expansion and undertake larger-scale projects.

Technically Speaking

Resistance level	RM0.65
Support level	RM0.49

**BUY**

Price: **RM0.57**
Target price: **RM0.75**



KLCI	1,740.94
YTD FBM KLCI change	+3.62%
YTD FBM SC Index change	+0.59%
YTD stock price change	+25.27%

Stock Information

Market Cap (RMm)	1,072.1
Issued Shares (m)	1,880.9
52-week range (H)	0.645
52-week range (L)	0.20
Shariah Compliant	Yes

Major Shareholders

Quay Holdings	72.8%
Lembaga Tabung Haji	2.3%
KUMPULAN SENTIASA CEMERLANG	1.6%

Summary Earnings Table

FY Dec (RM'm)	2024A	2025A	2026F	2027F
Revenue	271.7	218.8	532.6	561.4
EBIT	54.1	59.1	90.4	97.7
Pretax profit	54.8	63.6	98.8	106.5
PATMI	41.7	48.1	74.4	80.2
Core PATMI	41.7	48.1	74.4	80.2
Consensus	-	-	-	-
Core EPS (sen)	2.2	2.6	4.0	4.3
EPS growth (%)	26%	15%	55%	8%
DPS (sen)	1.1	0.3	0.8	0.9
PER (x)	25.7	22.3	14.4	13.4
BV/Share (RM)	0.12	0.07	0.07	0.07
ROE (%)	33.3%	18.3%	26.3%	53.9%
Div. Yield (%)	2.0%	0.5%	1.4%	1.5%

Sources: Company, Rakuten Trade Research



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COMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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Published:

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